

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 OMB-01 XMB-02

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FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC 1368

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E.O. 11652: N/A

TAGS: EFIN, GB

SUBJ: STATUS OF CITIBANK SYNDICATED LOAN

REF: (A) LIBREVILLE 1824 (B) LIBREVILLE 1686

(C) STATE 164383

1. CITIBANK DIRECTOR GAUTAM CHAKRAVARTTY CALLED ON AMBASSADOR ON JULY 14 TO PROVIDE STATUS REPORT ON CITIBANK SYNDICATED LOAN FOLLOWING MEETINGS IN PARIS LATE LAST WEEK (PARA 3 REFTEL A).

2. CHAKRAVARTTY CHARACTERIZED PARIS MEETINGS AS "SUCCESSFUL" AND INDICATED THAT CONTRARY TO HIS EARLIER ESTIMATE, PARTICIPANTS WERE PLEASED WITH PRESENTATION MADE BY GABONESE DELEGATION WHICH SUCCEEDED IN PERSUADING BANKERS TO PERMIT FIRST DRAWDOWN WITHOUT REQUIREMENT THAT 30 PERCENT OF DEBT TO CONTRACTORS BE PAID. THESE PAYMENTS WILL BE REQUIRED, HOWEVER, BY SEPTEMBER 30, 1978, DEADLINE. ACCORDINGLY, \$80 MILLION REMAINS DEFINITELY SUBSCRIBED, AND MESSAGES RE OPEN MARKET SYNDICATION HAD GONE OUT TO APPROXIMATELY 300 BANKS OF WHICH 150 HAVE THUS FAR REPLIED NEGATIVELY. ONLY EXCEPTIONS ARE ONE US BANK AND ONE SCANDINAVIAN BANK WHICH HAVE AGREED TO PARTICIPATE, BUT AMOUNTS ARE NEGLIGIBLE. CHAKRAVARTTY STILL BELIEVES

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GENERAL SYNDICATION WILL NET APPROX DOLS 10 MILLION HOWEVER, FORMAL SIGNATURE OF LOAN COULD TAKE PLACE AS EARLY AS JULY 28, AND, TECHNICALLY SPEAKING, DRAWDOWN OF UP TO MAXIMUM OF 50 PERCENT OF TOTAL LOAN COULD TAKE PLACE IMMEDIATELY. MORE LIKELY DRAWDOWN WOULD BEGIN A WEEK OR SO LATER. SIGNATURE WOULD THEN ACTIVATE FRENCH LOAN.

3. IN ADDITION, FACT THAT GOVERNMENT OF GABON HAS APPARENTLY REACHED, OR IS A VERGE OF REACHING, AGREEMENT WITH FOREIGN EXPORT GUARANTEE ORGANIZATIONS SUCH AS COFACE TO RESOLVE 27 BILLION CFA OF OUTSTANDING DEBT OR APPROXIMATELY 20 PERCENT OF TOTAL OF SOME 145 BILLION CFA, WAS WELCOMED BY SYNDICATE. CHAKRAVARTTY SAID THAT BANKERS FELT QUOTE COMFORTABLE UNQUOTE WITH THIS NEWS.

4. CHAKRAVARTTY ALSO INDICATED THAT GERMAN BANK WHICH IS PARTICIPATING IN LOAN AS ONE OF SEVERAL MANAGERS, HAD EXPRESSED SOME RESERVATIONS ABOUT QUOTE WAY CREDIT IS BEING HANDLED UNQUOTE, BUT CHAKRAVARTTY BELIEVES PROBLEM WILL BE RESOLVED AND ANTICIPATES NO FURTHER DIFFICULTY.TIENKEN

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